EQUITY INVESTMENT CORPORATION

All-Cap Value & Large-Cap Value
2021 Investment Commentary

January 2022

2021 was very good for stocks. Our All-Cap Value SMA (ACV) composite climbed 31.0% gross*, our best result in over 20 years. Likewise, our Large-Cap Value SMA (LCV) composite gained 30.9% gross*, the best year in its 21-year history. The Russell 3000® Value Index (R3000V) increased 25.4%, the Russell 1000® Value Index (R1000V) gained 25.2%, while the more growth-oriented S&P 500® Index (S&P 500) rose 28.7%. Our outperformance relative to the Russell value indexes was attributable primarily to our stock selection. (Net of an assumed maximum annual 3% SMA fee, our ACV and LCV composites gained 27.2% and 27.1%, respectively.)[1]

Looking at the fourth quarter, our ACV and LCV composites rose 7.2% and 7.3% gross* (6.4% and 6.5% net), respectively. The R3000V increased 7.5%, the R1000V gained 7.8%, and the S&P 500 climbed 11.0%.

The Case for Value (and against Growth)

Growth returns are increasingly concentrated among a handful of stocks.

In terms of style, large-cap growth performed the best in 2021 – the Russell Top 200® Growth Index surged 31.2%, while its value counterpart climbed 23.5%. In contrast, value outperformed growth among mid and small caps. The Russell Midcap® Value Index gained 28.3%, while the Russell Midcap® Growth Index rose 12.7%. And the Russell 2000® Value Index, up 28.3%, beat the Russell 2000® Growth Index, up only 2.8%.

Though the Russell 1000® Growth Index closed the year near all-time highs, 36% of its names finished the year down 20% or more from their respective 52-week highs.[2] As shown below, the top five companies in the index (AAPL, MSFT, AMZN, GOOG, and TSLA) now account for 38% of the index weight (an all-time quarter-end high). They produced nearly half of the index's total return in 2021 (well above the average of the historical range).[3]

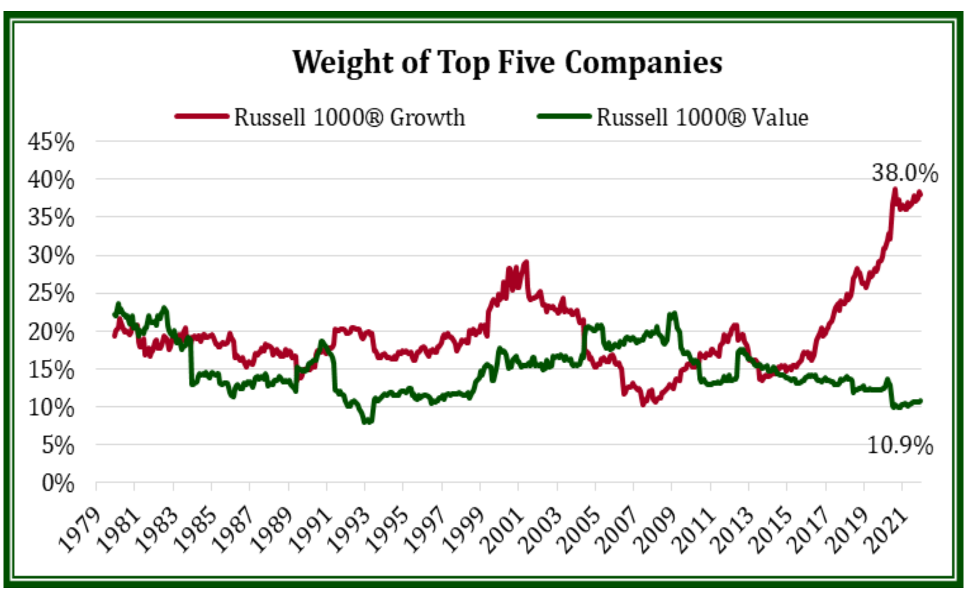

Chart 1 Data Source: S&P Capital IQ^PRO^. See footnote 4.

In contrast, the top five names in the R1000V (BRK-B, JPM, JNJ, UNH, and PG) comprise less than 11% of the total index weight and contributed only about a tenth of its total return.[5] The increasing concentration in the growth indexes bears watching. It may provide a material headwind for growth investors if those mega-cap stocks can't continue their strong outperformance or smaller companies cannot pick up the pace.

Growth valuations are at record highs.

As seen in the following chart, growth stocks now exceed their previous all-time valuation highs, and the spread between growth and value remains near historic highs.

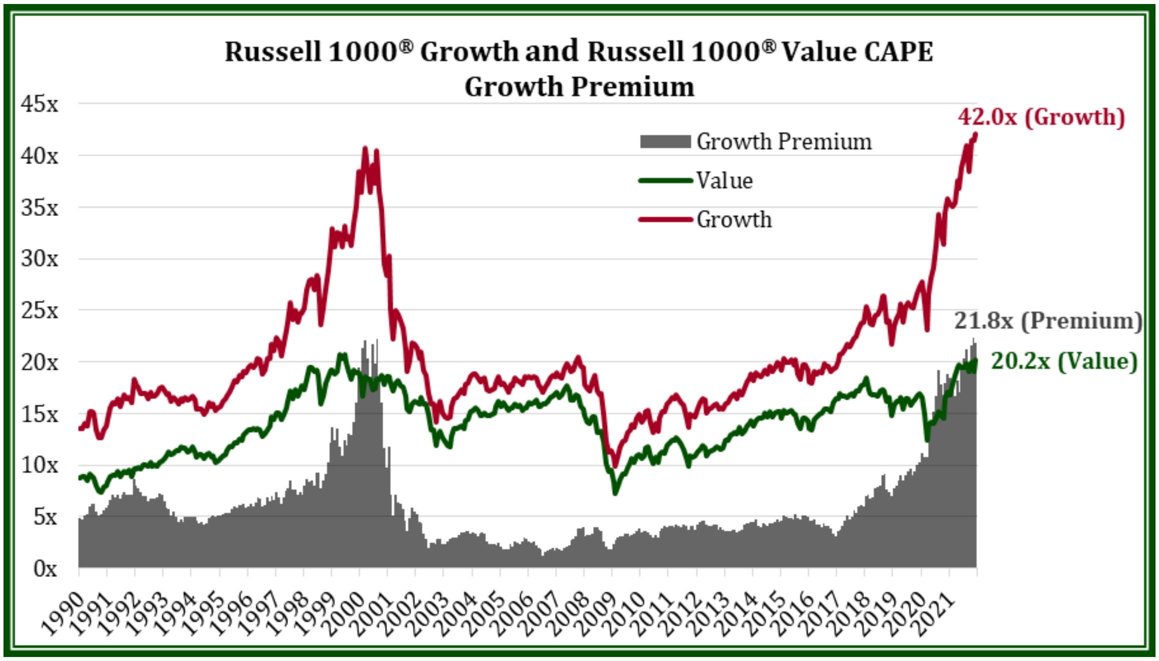

Chart 2 Data Source: S&P Capital IQ[PRO]. See footnote 6.

From these valuation levels, history suggests that value could outperform growth by 6-8% annually for the next decade.[7] While value also sits at the high end of its range, its valuations have been more range-bound than growth and, in the past, value delivered acceptable returns from comparable levels.[8] Moreover, we continue to find pockets of attractive investment opportunities within the value universe.

Growth margins are at all-time highs.

The risk of record-high valuations is compounded by the risk of record-high operating margins for growth.

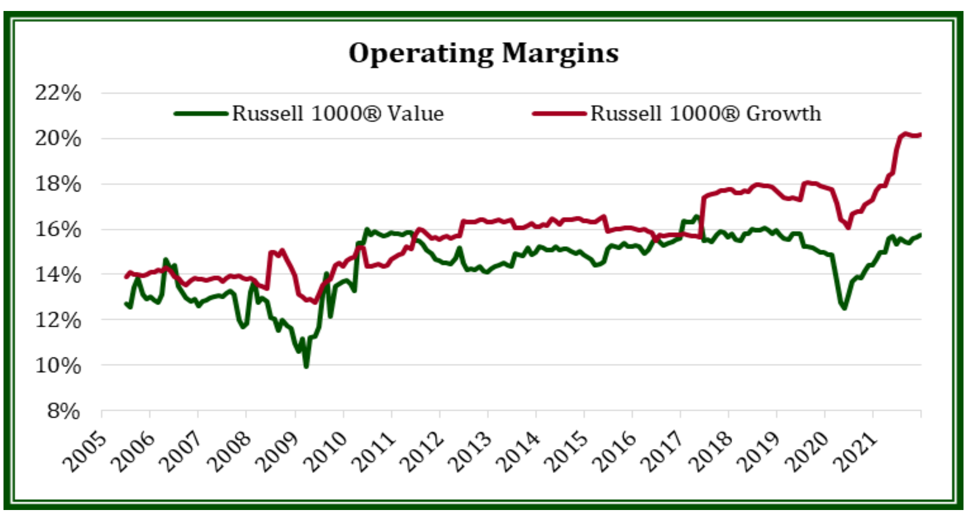

Chart 3 Data Source: S&P Capital IQ[PRO]. See footnote 9.

If we normalized growth company margins to their median levels over a full economic cycle, the current valuations look even more extreme.

Growth fundamentals are not always superior to value.

Most of the recent outperformance of growth versus value has come from multiple expansion rather than fundamental outperformance. As seen in the next chart, growth fundamentals outpaced value at the onset of the COVID pandemic, but since mid-2020, value fundamentals have been better.

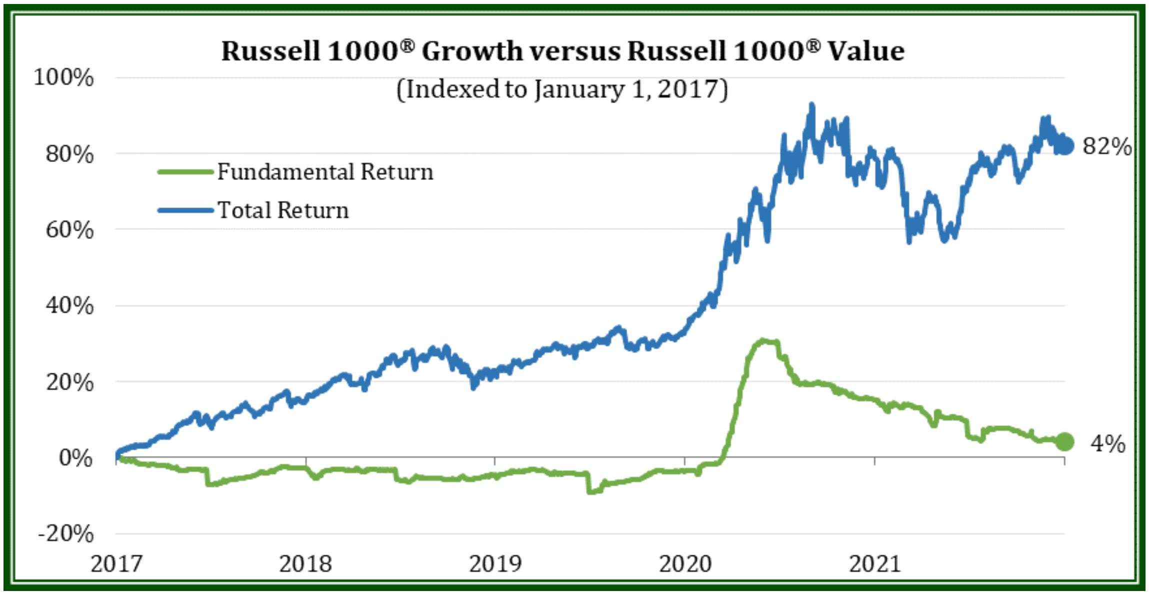

Chart 4 Data Source: S&P Capital IQ^{PRO}. See footnote 10.

This runs counter to conventional wisdom, which assumes that growth companies are doing better fundamentally than value. While some high-profile examples affirm this belief, it is simply not the case across the universe. Rather, we think this is a classic example of narrative following the price action. Growth stocks have significantly outperformed value, so investors reason that they must be superior. As a result, investors seem willing to pay higher prices for growth, leading to stronger returns and increased interest from other investors. And the cycle repeats. It becomes a self-fulfilling prophecy of sorts – herd behavior can last for extended periods, but stock prices must ultimately be tethered to fundamentals.

While we noted weakness in 2021 among some smaller, lower quality, or thematic growth stocks, their valuations, particularly in technology, remain unusually elevated compared to longer-term history.[11] Coupled with strength in mega-cap growth stocks, the growth universe sits at all-time high valuations, accompanied by all-time high margins, but lacking superior fundamental performance compared to value. Thus, we see little opportunity in the growth universe, and we are not alone. Corporate insiders are aggressively selling stock, whether mega-cap[12] or smaller cap.[13] Executives at growth companies appear to be voting with their wallets, and we are inclined to believe them. In contrast, we have not seen a meaningful change in insider sales across our portfolio holdings.

<u>Portfolio Positioning</u>[14]

We had 20 stocks, representing 45% of our representative ACV portfolio, that gained 30% or more during the year. Nevertheless, those strong results were not achieved by placing large and risky bets that just happened to pay off. In fact, nine of those names, representing 22% of the portfolio, were in less economically sensitive areas such as staples (Kroger, Walgreens), utilities (National Fuel Gas, Exelon), health care (McKesson, AmerisourceBergen), defense (General Dynamics), diversified insurance (Hartford) and energy pipelines (Williams).[15] As we see it, the irrational fears of 2020 gave way to outsized opportunity in 2021.

While investors should not expect similarly sanguine results in 2022, in our view, value remains the best opportunity for investors to earn reasonable returns.

Shown below are the sector level valuations for the Russell 1000® Index. Information technology and consumer discretionary continue to trade at the upper bounds of their historical ranges. These valuations are driven by the growth stocks in these sectors that account for much of the index's high historic valuation. We can find little of value in either sector and are underweight in both. Conversely, several sectors remain inexpensively priced compared to their histories – communication services, consumer staples, energy, financials, and healthcare. Relative to our benchmarks, we remain overweight in all but healthcare (though it is our second-largest nominal weighting behind financials). Notably, we do not target sector weightings; instead, we build portfolios one stock at a time, keeping an eye on overall sector weights to ensure appropriate diversification.

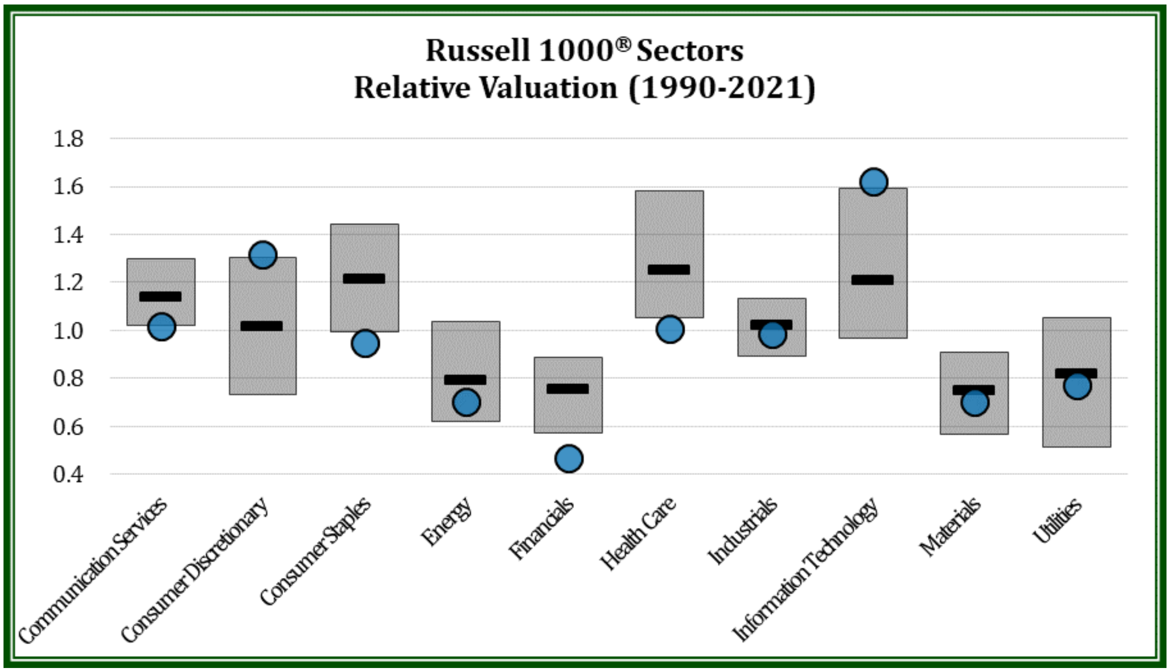

Chart 5 *Data Source: S&P Capital IQ*[PRO]*. See footnote 16.*

Given the current opportunity set, today our portfolios are broadly comprised of three distinct pieces:

- 40-41% of our portfolios are invested in what we believe are reasonably priced, high-quality companies, growing moderately but with less economic sensitivity, including staples, healthcare, utilities, defense, and our two wireless telecoms (AT&T and Verizon Communications).
- 34-35% of our portfolios are invested in energy and financials, high-quality cyclical stocks that we think are priced to deliver strong returns at current interest rates and current or lower commodity prices. If inflation drives interest rates and commodity prices higher, that should only provide an added benefit to the earnings of our holdings in these sectors.
- 19-20% of our portfolios consist of what we would describe as opportunistic investments, which include both reasonably priced growth stocks (e.g., Meta Platforms, Cisco Systems) and deeply out-of-favor stocks (e.g., Honda, Barrick Gold).

Combined, these positions give us exposure to a range of economic outcomes while delivering a weighted average return on equity of about 16%, a valuation on trailing and forward earnings of roughly 17x and 12x, respectively, a 2.7-2.8% dividend yield, and an estimated A to A- credit rating.[17,18]

During the quarter, we initiated one new position, Global Payments, Inc. (GPN), a leading provider of payments technology and software solutions to more than 3.5 million merchants and 1,300 financial institutions globally. GPN benefits from the continued adoption of digital payment technologies (e.g., credit cards, debit cards, and contactless payments) and the shift away from cash and checks. Most of the company's revenue is linked to payment volume and transactions at its merchants or the number of accounts on file at its card issuing bank customers.

At the time of our purchase, the company's share price was down more than 40% since April of 2021, driven by a broader sell-off in the payment processing industry amid concerns that the company is losing share to companies like Square, PayPal, and Adyen. GPN has exhibited strong historic revenue and earnings growth, and analysts expect those trends to continue. While some of the newer competitors are growing at a faster pace than the market overall, reported data suggests that share gains by these competitors are not accelerating. Furthermore, GPN has been investing aggressively in software for more than half a dozen years to insulate itself from competitive pressures. In short, we viewed the sell-off as an attractive entry point, with the shares rarely having traded at a cheaper valuation in GPN's more than 20-year history.

In addition to our GPN purchase, we opportunistically added to existing positions in four stocks during the quarter – Verizon Communications, Meta Platforms, AT&T, and Globe Life. Further, we sold small positions in Jones Lang LaSalle and Lowe's Companies as they traded through our sell-price targets. Finally, we trimmed five holdings – American Express, Dollar Tree, PNC Financial, Exelon, and Wells Fargo. We continue to own all five stocks, and they have upside to our valuations. Still, strong price performance had marginally diminished their relative attractiveness, so we reduced some risk by trimming.

In conclusion, we continue to invest where value leads, and our process – with its emphasis on value and quality – is built to minimize major investment mistakes. We currently believe there is significant risk among growth stocks, where returns are increasingly concentrated, and valuations and margins are at record highs. We are leaning away from this risk, instead tilting our portfolios toward classic value names with strong fundamental characteristics. Value fundamentals have kept pace with growth, but the narrative in the marketplace is quite different. In short, though we are unlikely to repeat 2021's unusually strong results, we believe our portfolios are priced to deliver reasonable returns in an environment where the overall market, especially growth stocks, is not.

Staff Update

We want to mention three noteworthy promotions. Bo Ladyman, who joined us in late 2017, and Tom Knapp, who joined us in early 2018, both as Research Analysts, have been named Portfolio Managers. The last few years have been anything but calm, between a contentious Presidential election, the COVID pandemic, and the associated economic and market swings. In a long tradition, starting with Andrew's work in 1999 steering EIC away from the excesses of the tech bubble, Bo and Tom have risen to the occasion. They were welcome additions to our investment team and have earned their promotions.

Finally, we have promoted Josh Golub to Senior Trader. Josh has been with the firm since 2015, first in operations, then in trading since 2017. He is an increasingly valuable contributor to our trading department, headed by Kris Brooks, and we are fortunate to have him on the team.

As always, we thank you for your partnership with EIC. On our upcoming quarterly conference call, we will discuss the opportunities we see in value in more detail. Please let us know if you have any questions or if we can be of further assistance.

Investment Team

W. Andrew Bruner, CFA, CPA R. Terrence Irrgang, CFA Ian Zabor, CFA
Robert Ladyman, CFA Thomas Knapp, CFA

Sales Contacts

Director of Sales	Southeast	West	Northeast
Paul Power, CIMA®	Matt Keeter	Steve Halley, CIMA®	Dennis McKinney, CIMA®
ppower@eicatlanta.com	mkeeter@eicatlanta.com	shalley@eicatlanta.com	dmckinney@eicatlanta.com
404-239-0111	404-395-0243	415-407-7414	617-291-9441
Southwest	**Mid-Atlantic**	**Midwest**	**Florida & Puerto Rico**
Tate Lambeth, CIMA®	Keith Telesca, CIMA®,	Fred Gifford	Sam Borland
tlambeth@eicatlanta.com	ktelesca@eicatlanta.com	fgifford@eicatlanta.com	sborland@eicatlanta.com
214-930-6487	215-495-2316	708-465-9395	561-704-0588

Disclosures

*[1]EIC's ACV and LCV results are those of our All-Cap Value SMA and Large-Cap Value SMA composites gross (before) and net (after) a maximum annual SMA fee of 3% (0.25% per month) (which is assumed to be equal to or higher than the highest actual SMA fee charged by a program sponsor). SMA fees include transaction costs, portfolio management, custody, and other administrative fees. *Gross returns for EIC SMA composites are "pure" gross returns, do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to the GIPS® Composite Reports, which are considered an integral part of this commentary. All returns include reinvestment of dividends and interest. Indexes are unmanaged, do not incur management fees, costs or expenses, and cannot be invested in directly. Past performance is not indicative of future results. Individual account results may differ from those of a composite.*

[2]Data Source: S&P Capital IQ^{PRO}. Russell 1000 Growth Index closing price at December 31, 2021 versus 52-week high price. 182 of 503 names were down >20%.

[3]Data Source: S&P Capital IQ^{PRO}. The top five holdings in the Russell 1000 Growth Index for January 1, 2021 through December 31, 2021 returned 13.4% contributing 48.2% to the index's total return. The average annual contribution since 1995 has been 38%.

[4] The weight of the largest 5 companies in the Russell 1000 Growth Index or Russell 1000 Value Index calculated monthly from December 31, 1979 to December 31, 2021. Multiple share class listings were combined into a weight for the entire company for the analysis.

[5]Data Source: S&P Capital IQ^{PRO}. The top five holdings in the Russell 1000 Value Index for January 1, 2021 through December 31, 2021 returned 2.6% contributing 10.4% to the index's total return.

[6]Russell 1000 Growth Index modified CAPE (red line), Russell 1000 Value Index modified CAPE (green line), Russell 1000 Growth Index modified CAPE premium over Russell 1000 Value Index modified CAPE (gray area) at each month-end from January 31, 1990 to December 31, 2021. Modified CAPE (Cyclically Adjusted Price-to-Earnings) is the ratio of index prices to trailing 10-year index level earnings before taxes (EBT) on a time-weighted basis. Annual index level EBT is imputed by dividing the year-end index price by an aggregated price to EBT multiple of index constituents.

[7]Data Source: S&P Capital IQ^{PRO}. The Russell 1000 Growth modified CAPE premium over Russell 1000 Value modified CAPE for each month-end January 31, 1990 to December 31, 2011, plotted against the annualized 10-year forward total return difference between the Russell 1000 Growth and Russell 1000 Value through each month-end January 31, 2000 to December 31, 2021 indicates 6-8% per year historical underperformance of growth versus value at a 21-22x valuation premium of growth over value.

*[8]Source: Morningstar Direct^{SM}. Russell 1000 Value Index and Russell 1000 Growth Index annualized returns for the periods January 1, 2000 through December 31, 2009 and January 1, 2000 through December 31, 2006. As we wrote in our Q3 2021 commentary… "From that starting point, growth **underperformed** value for the next decade by 650 basis points annually, with value stocks delivering a return of 2.5% a year while growth **declined** 4% a year. On a seven-year basis through year-end 2006, value stocks gained 7.8% annually compared to a 4.9% **decrease** for growth, a spread of 1,270 basis points in annual performance."*

[9]Russell 1000 Growth Index and Russell 1000 Value Index forward operating margins calculated as index-weighted forward operating income divided by index-weighted forward revenue, using next 12-months (NTM) analyst estimates, from June 30, 2005 through December 31, 2021.

[10]Daily returns and NTM forward P/ E of the Russell 1000 Growth Index and Russell 1000 Value Index from December 31, 2016 through December 31, 2021. Total Return: Total return of the Russell 1000 Growth Index relative to the Russell 1000 Value Index for the period, indexed to January 1, 2017. Fundamental Return: Total return divided by the NTM forward PE multiple. Fundamental return of Russell 1000 Growth Index relative to the Russell 1000 Value Index, indexed to January 1, 2017.

[11]Data Source: Yardeni, Ed; Abbott, Joe; and Quintana, Mali. "Stock Market Briefing S&P 500/400/600 Sectors Daily Valuation". January 12, 2021. Daily P/E and P/S of information technology sector of the S&P 400 & 600 from January 2006 to January 12, 2022.

[12]Mickle, Trip; and Francis, Theo. "Elon Musk, Other Leaders Sell Stock at Historic Levels as Market Soars, Tax Changes Loom". 9 December 2021. https://www.wsj.com/articles/elon-musk-other-leaders-sell-stock-at-historic-levels-as-market-soars-tax-changes-loom-11639089782. 10 December 2021.

[13]Johnson, Steve. "'Insider sales' among companies held by flagship Ark fund pick up". 10 January 2022. https://www.ft.com/content/07d9b3c3-9c8a-4d0f-bf25-a9e419d5b949. 13 January 2022.

[14]Actual portfolio holdings may vary for each client, and there is no guarantee that a particular client's account, "wrap", or advisory program will hold any, or all, of the securities identified. The securities identified and described herein do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

[15]Source: Morningstar Direct℠. Portfolio positions and their returns are from a representative All-Cap Value account. Our representative Large-Cap Value account did not hold National Fuel Gas, thus there were 19 stocks representing 46% which gained 30% or more in 2021. Eight of those names, or 22%, were in the same less economically sensitive areas.

[16]Russell 1000 Index sector valuation relative to Russell 1000 Index valuation based on constituent price to prior three-year peak earnings for month-end periods from January 31, 1990 to December 31, 2021. Real Estate sector excluded. Sectors are determined using the Global Industry Classification Standard ("GICS"). GICS® was developed by and is the exclusive property of Standard & Poor's Financial Services LLC ("S&P") and MSCI Inc. ("MSCI"). GICS is the trademark of S&P and MSCI. "Global Industry Classification Standard (GICS)" and "GICS Direct" are service marks of S&P and MSCI.

[17]Source: Morningstar Direct℠. Russell 1000 Growth Index and Russell 1000 Value Index asset-weighted average of the ratio of September 30, 2021 share prices to each company's estimated earnings per share (EPS) for the next fiscal year. P/E Ratio Forward of EIC ACV and LCV representative portfolios, respectively, as of December 31, 2021.

[18]Data Source: S&P Global Market Intelligence as of December 31, 2021. Credit-quality ratings represent Standard & Poor's (S&P) opinion as to the quality of the securities they rate. The ratings range from AAA (extremely strong capacity to meet its financial commitments) to D (in default). Ratings are relative and subjective and are not absolute standards of quality. The ratings provided relate to the underlying securities within the representative All-Cap Value or Large-Cap Value portfolio and not the portfolio itself.

Equity Investment Corporation
All-Cap Value SMA Composite Report

									Advisory-Only (UMA) and Managed Assets		
Year Ended Dec - 31	Gross* Rate of Return[1] (Supplemental)	Assumed 3% Annual Net Rate of Return[1]	Benchmark Return of Russell 3000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[2] of Annual Returns (St Dev)	Number of Portfolios[3]	Composite Assets ($ Millions)	UMA Assets[4] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total Assets[4] ($ Millions) (Supplemental)
2021	31.0%	27.2%	25.4%	17.1%	19.3%	0.8%	1565	$937.9	$2,108.2	$2,027.4	$4,135.6
2020	5.0%	1.9%	2.9%	17.3%	20.0%	1.0%	1574	$784.3	$1,694.6	$1,607.6	$3,302.2
2019	22.7%	19.1%	26.3%	10.6%	12.0%	0.6%	2065	$1,151.4	$1,942.4	$2,245.1	$4,187.5
2018	-6.4%	-9.2%	-8.6%	9.3%	11.1%	0.3%	2341	$1,064.9	$1,721.0	$2,219.9	$3,940.9
2017	15.6%	12.2%	13.2%	8.0%	10.3%	0.4%	2486	$1,264.8	$2,044.9	$2,790.7	$4,835.6
2016	12.2%	8.9%	18.4%	8.6%	11.0%	0.5%	2893	$1,406.1	$2,044.5	$2,994.4	$5,038.9
2015	-4.4%	-7.2%	-4.1%	8.9%	10.7%	0.5%	4727	$1,964.8	$1,590.0	$3,658.9	$5,248.9
2014	14.9%	11.5%	12.7%	8.1%	9.4%	0.5%	5272	$2,259.6	$1,657.7	$3,862.6	$5,520.3
2013	24.7%	21.1%	32.7%	9.2%	12.9%	0.6%	4290	$1,703.6	$1,009.2	$3,286.3	$4,295.5
2012	10.0%	6.7%	17.6%	11.5%	15.8%	0.4%	2742	$1,016.1	$665.6	$2,301.1	$2,966.7
2011	7.4%	4.2%	-0.1%	16.3%	21.0%	0.6%	1398	$556.0	$314.5	$1,127.9	$1,442.5
2010	18.2%	14.7%	16.2%	18.7%	23.5%	0.5%	937	$432.6	$77.9	$836.9	$914.8
2009	26.9%	23.2%	19.8%	17.3%	21.3%	1.3%	743	$282.7	$10.5	$541.2	$551.8
2008	-22.9%	-25.2%	-36.3%	11.7%	15.5%	1.0%	946	$220.2	$0.0	$362.6	$362.6
2007	3.3%	0.3%	-1.0%	7.0%	8.3%	0.8%	935	$283.5	$0.0	$448.1	$448.1
2006	16.6%	13.1%	22.3%	6.2%	7.0%	0.8%	758	$252.7	$0.0	$487.2	$487.2
2005	2.8%	-0.3%	6.9%	8.8%	9.7%	0.7%	675	$195.5	$0.0	$463.6	$463.6
2004	13.9%	10.6%	16.9%	11.4%	14.8%	0.8%	531	$137.4	$0.0	$388.1	$388.1
2003	25.2%	21.6%	31.1%	13.6%	16.0%	0.8%	289	$70.0	$0.0	$231.0	$231.0
2002	-4.1%	-6.9%	-15.2%	15.9%	16.6%	1.5%	59	$14.6	$0.0	$110.7	$110.7
2001	16.9%	13.5%	-4.3%	15.7%	14.1%	0.8%	13	$5.4	$0.0	$82.2	$82.2
2000	18.6%	15.2%	8.0%	18.0%	16.8%	0.8%	16	$6.5	$0.0	$62.3	$62.3
1999	2.1%	-0.9%	6.6%	15.7%	15.9%	1.0%	27	$13.0	$0.0	$64.1	$64.1
1998	16.2%	12.8%	13.5%	14.5%	14.9%	0.9%	11	$2.8	$0.0	$35.2	$35.2
1997	30.1%	26.4%	34.8%	8.8%	9.5%	0.8%	12	$4.9	$0.0	$38.8	$38.8
1996	8.0%	4.8%	21.6%	7.7%	9.2%	0.6%	19	$16.6	$0.0	$69.7	$69.7
1995	19.7%	16.2%	37.0%	6.2%	8.3%	0.6%	42	$23.0	$0.0	$93.4	$93.4
1994	0.2%	-2.8%	-1.9%	5.7%	8.2%	0.8%	65	$32.7	$0.0	$92.6	$92.6
1993	11.3%	8.0%	18.7%	8.0%	9.5%	0.7%	72	$44.0	$0.0	$84.5	$84.5
1992	10.6%	7.4%	14.9%	12.5%	13.7%	0.9%	69	$53.3	$0.0	$84.1	$84.1
1991	37.0%	33.0%	25.4%	13.3%	14.5%	1.3%	58	$35.6	$0.0	$48.9	$48.9
1990	-8.0%	-10.7%	-8.8%	13.2%	13.5%	0.7%	59	$25.8	$0.0	$30.4	$30.4
1989	20.8%	17.3%	24.2%	18.0%	17.6%	1.6%	51	$21.4	$0.0	$27.8	$27.8
1988	27.4%	23.7%	23.6%	19.9%	18.9%	1.7%	14	$6.0	$0.0	$8.0	$8.0
1987	10.6%	7.4%	-0.1%	N/A	N/A	N/A	5	$0.5	$0.0	$0.6	$0.6
1986	25.0%	21.3%	18.8%	N/A	N/A	N/A	2	$0.2	$0.0	$0.2	$0.2

Table Notes:

[1] *Gross returns, presented as supplemental information, are "pure" gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. "Pure" gross returns from 10/1/02 through 12/31/06, reflect the deduction of trading costs but not any additional expenses. For the period 1/1/89 through 7/1/95, SMA accounts represent on average 24% of the composite assets. Prior to 7/1/95 and for the periods 10/1/02 through 12/31/06, the returns are that of EIC's All-Cap Value composite. For all other periods, SMA accounts represent 100% of the composite assets. Net returns are calculated by reducing gross returns with an assumed annual SMA fee of 3.0%, applied monthly.

[2] Dispersion is an asset-weighted standard deviation for the accounts in the composite for the entire year (or year-to-date) and is calculated using gross returns. "N/A" represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. For 1986 through 1995 dispersion represents EIC's All-Cap Value composite, which contains both SMA and non-SMA accounts. For 1996 through 2005, dispersion represents EIC's internally administered SMA accounts.

[3] Number of Portfolios/Composite Assets significantly decreased in 2016 due to transitioning of a major SMA program to a model based (UMA) program during Q416.

[4] "Total Assets" include our regulatory assets under management ("GIPS® Firm Assets") and our advisory-only "UMA Assets". EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The "UMA Assets" and "Total Assets" amounts are shown as supplemental information.

<u>Additional Notes</u>: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.

Disclosures:
Equity Investment Corporation (EIC) is an SEC-registered, independent investment adviser incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986.

From January 1, 1986, through December 31, 1999, Jim Barksdale was primarily responsible for creating and achieving the performance results. Over that time period, the All-Cap Value SMA composite gained 14.4% (annualized) (11.1% net of an assumed 3% fee), while the Russell 3000® Value Index rose 15.6% (annualized).

Andrew Bruner joined as the second member of EIC's investment team in December 1999. From that point through the present day, portfolios have been managed using a team-based approach. Terry Irrgang became the third member of our investment team in April of 2003. Ian Zabor became the fourth member of our team, joining EIC in July of 2005. From January 1, 2000 through December 31, 2021, our investment team was responsible for the All-Cap Value SMA composite increasing by 10.5% (annualized) (7.3% net of an assumed 3% fee); the Russell 3000 Value Index gained 7.8% (annualized).

Effective September 30, 2016, we implemented a succession plan to ensure the continuity and stability of our firm. In a transaction that closed on that date, a new investment adviser entity formed by Messrs. Bruner, Irrgang, and Zabor purchased substantially all of the assets and assumed all of the liabilities necessary for EIC's continuous operation from Mr. Barksdale. That new registrant succeeded to all of EIC's business. As planned, Mr. Barksdale's tenure at EIC ended in August of 2019 when his transitional employment agreement expired. From the date of the succession through December 31, 2021, our investment team was responsible for the All-Cap Value SMA composite advancing by 13.0% (annualized) (9.7% net of an assumed 3% fee), versus an 11.9% (annualized) increase for the Russell 3000 Value Index.

During all times after 1999, our investment team has been responsible for achieving the performance results shown in the table on page 1.

Performance numbers (beginning July 1, 1995) are the value-weighted, time-weighted, total return composite results of fully discretionary All-Cap Value equity wrap fee (SMA) accounts. The strategy employs a flexible framework (not constrained by any cap size limitations) of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the All-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. Prior to July 1, 1995, the returns are that of the All-Cap Value composite. Results for the period January 1, 1989, through July 1, 1995, include both SMA and non-SMA accounts. During this period, SMA accounts represent on average 24% of the composite. Since July 1, 1995, SMA accounts comprise 100% of the composite. The composite creation date is July 1, 1995, and the inception date is January 1, 1986. All accounts included in the composite are managed according to similar investment guidelines. The benchmark index is the Russell 3000 Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 3000 Value Index measures the performance of the largest 3000 US companies in the value segment of the US equity universe. The Russell 3000 Value Index is based on the Russell 3000® Index, a market-capitalization weighted equity index representing approximately 98% of the investable US equity market.

Disclosures *(cont.)*:
Performance has been measured on a monthly basis from January 1, 1986, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. There were non fee-paying accounts during the following years: 1986: 100%; 1987: 36%; 1988: 2%; 1999-2000: 1%; 2010 – 2017: <1%. There are no non fee-paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing investments, calculating performance and preparing GIPS Composite Reports are available upon request.

EIC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. EIC has been independently verified for the periods January 1, 1986, through September 30, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The verification reports, as well as a complete list and description of all the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. The firm's list of broad distribution pooled funds is available upon request. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

Investment management fees are based on market values of the assets under management. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services provided by a program sponsor. The assumed maximum fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year (which is assumed to be equal to or higher than the highest actual SMA fee charged by a program sponsor). SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. Further information about fees and compensation is discussed in EIC's form ADV Part 2 (www.adviserinfo.sec.gov).

London Stock Exchange Group plc ("LSE Group") is the source and owner of FTSE Russell index data. FTSE Russell is a trading name of certain of the LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. FTSE Russell Index information is sourced via S&P Capital IQ^{PRO}.

Equity Investment Corporation
Large-Cap Value SMA Composite Report

									Advisory-Only (UMA) and Managed Assets		
Year Ended Dec - 31	Gross* Rate of Return[1] (Supplemental)	Assumed 3% annual Net Rate of Return[1]	Benchmark Return of Russell 1000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[2] of Annual Returns (St Dev)	Number of Portfolios[3]	Composite Assets ($ Millions)	UMA Assets[4] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total[4] ($ Millions) (Supplemental)
2021	30.9%	27.1%	25.2%	17.1%	19.1%	0.8%	548	$235.1	$2,108.2	$2,027.4	$4,135.6
2020	4.3%	1.2%	2.8%	17.3%	19.6%	0.8%	590	$206.6	$1,694.6	$1,607.6	$3,302.2
2019	22.6%	19.1%	26.5%	10.6%	11.8%	0.6%	786	$279.4	$1,942.4	$2,245.1	$4,187.5
2018	-6.4%	-9.2%	-8.3%	9.1%	10.8%	0.4%	898	$262.8	$1,721.0	$2,219.9	$3,940.9
2017	15.6%	12.3%	13.7%	7.8%	10.2%	0.7%	902	$301.6	$2,044.9	$2,790.7	$4,835.6
2016	11.9%	8.6%	17.3%	8.5%	10.8%	0.5%	938	$289.0	$2,044.5	$2,994.4	$5,038.9
2015	-4.5%	-7.3%	-3.8%	8.9%	10.7%	0.4%	1146	$318.5	$1,590.0	$3,658.9	$5,248.9
2014	15.0%	11.6%	13.5%	8.1%	9.2%	0.5%	361	$159.4	$1,657.7	$3,862.6	$5,520.3
2013	24.8%	21.2%	32.5%	9.4%	12.7%	0.5%	863	$328.7	$1,009.2	$3,286.3	$4,295.5
2012	10.0%	6.8%	17.5%	11.5%	15.5%	0.3%	658	$197.2	$665.6	$2,301.1	$2,966.7
2011	8.2%	5.0%	0.4%	15.9%	20.7%	0.3%	465	$130.1	$314.5	$1,127.9	$1,442.5
2010	16.8%	13.4%	15.5%	18.5%	23.2%	0.4%	409	$98.2	$77.9	$836.9	$914.8
2009	25.0%	21.4%	19.7%	17.2%	21.1%	1.0%	386	$80.0	$10.5	$541.2	$551.8
2008	-22.8%	-25.2%	-36.9%	12.1%	15.4%	N/A	3	$0.9	$0.0	$362.6	$362.6
2007	2.1%	-0.9%	-0.2%	6.9%	8.1%	N/A	3	$1.1	$0.0	$448.1	$448.1
2006	17.7%	14.3%	22.3%	6.0%	6.7%	N/A	3	$1.0	$0.0	$487.2	$487.2
2005	5.7%	2.6%	7.1%	8.7%	9.5%	0.4%	18	$9.3	$0.0	$463.6	$463.6
2004	13.1%	9.8%	16.5%	12.7%	14.8%	0.4%	18	$8.9	$0.0	$388.1	$388.1
2003	23.3%	19.7%	30.0%	14.2%	16.0%	1.1%	21	$8.5	$0.0	$231.0	$231.0
2002	-9.0%	-11.7%	-15.5%	N/A	N/A	0.5%	42	$11.0	$0.0	$110.7	$110.7
2001	14.6%	11.3%	-5.6%	N/A	N/A	1.2%	45	$12.4	$0.0	$82.2	$82.2

Table Notes:

[1] *Gross returns, presented as supplemental information, are "pure" gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. Net returns are calculated by reducing gross returns by an assumed annual SMA fee of 3.0% (0.75%/quarter during 2001 and 0.25%/month thereafter).

[2] Dispersion is an asset-weighted standard deviation for the accounts in the composite the entire year (or year-to-date) and is calculated using gross returns. "N/A" represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

[3] Number of Portfolios/Composite Assets significantly decreased in Q4 2014 and Q4 2016 due to transitioning of two major SMA programs to model based (UMA) programs.

[4] "Total Assets" include our regulatory assets under management ("GIPS® Firm Assets") and our advisory-only "UMA Assets". EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The "UMA Assets" and "Total Assets " amounts are shown as supplemental information.

Additional Note: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.

Disclosures:

Equity Investment Corporation (EIC) is an SEC-registered, independent investment adviser incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986.

From January 1, 1986, through December 31, 1999, Jim Barksdale was primarily responsible for creating and achieving the performance results. Andrew Bruner joined as the second member of EIC's investment team in December 1999. From that point through the present day, portfolios have been managed using a team-based approach. Terry Irrgang became the third member of our investment team in April of 2003. Ian Zabor became the fourth member of our team, joining EIC in July of 2005.

Effective September 30, 2016, we implemented a succession plan to ensure the continuity and stability of our firm. In a transaction that closed on that date, a new investment adviser entity formed by Messrs. Bruner, Irrgang, and Zabor purchased substantially all of the assets and assumed all of the liabilities necessary for EIC's continuous operation from Mr. Barksdale. That new registrant succeeded to all of EIC's business. As planned, Mr. Barksdale's tenure at EIC ended in August of 2019 when his transitional employment agreement expired.

Our investment team has been responsible for achieving the performance results shown in the table on page 1.

Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary Large-Cap Value equity wrap fee (SMA) accounts managed in the style of the firm's traditional value methodology with a large-cap bias. The strategy employs a flexible framework of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the Large-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. The composite creation and inception date is January 1, 2001, and SMA accounts comprise 100% of the composite. The benchmark index is the Russell 1000® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It is a subset of the Russell 3000® Value Index and includes those Russell 1000® companies with lower price-to-book ratios and lower expected long-term mean earnings growth rates. The Russell 1000 represents approximately 90% of the investable US equity market.

Performance has been measured on a monthly basis from January 1, 2001, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. During 2002, 2% of the assets are non-fee paying accounts. There are no non-fee paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing investments, calculating performance and preparing GIPS Composite Reports are available upon request.

Disclosures *(cont.)*:

EIC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. EIC has been independently verified for the periods January 1, 1986, through June 30, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Large-Cap Value SMA composite has had a performance examination for the periods January 1, 2001, through September 30, 2021. The verification and composite examination reports, as well as a complete list and description of the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. The firm's list of broad distribution pooled funds is available upon request. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

Investment management fees are based on market values of the assets under management. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services provided by a program sponsor. The assumed maximum fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year (which is assumed to be equal to or higher than the highest actual SMA fee charged by a program sponsor). SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. Further information about fees and compensation is discussed in EIC's form ADV Part 2 (www.adviserinfo.sec.gov).

London Stock Exchange Group plc ("LSE Group") is the source and owner of FTSE Russell index data. FTSE Russell is a trading name of certain of the LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. FTSE Russell Index information is sourced via S&P Capital IQ^{PRO}.